

The University of Chicago

AN ECONOMIC HISTORY OF ALMA, MICHIGAN

A PART OF A DISSERTATION SUBMITTED TO
THE FACULTY OF THE DIVISION OF THE
SOCIAL SCIENCES IN CANDIDACY FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

DEPARTMENT OF ECONOMICS
1934

By
ARTHUR MARTIN WEIMER

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OUTLINE OF THE ECONOMIC HISTORY OF ALMA, MICHIGAN, PRIOR TO 1900*

BY ARTHUR WEIMER, Ph.D.

ALMA COLLEGE

THE economic significance of the "country town" as an institution peculiar to the economic development of this country has been variously stated by different writers. Sinclair Lewis approached this institution from one standpoint in his *Main Street*, and T. S. Stribling's trilogy followed the same subject for the southern part of the country. Thorstein Veblen characterized the American country town in his *Imperial Germany and the Industrial Revolution*. The Lynds described the background and problems of "Middletown"—an industrialized "Main Street". These works indicate some of the interest which has recently been taken in the almost unexplored social laboratory presented by the "country town" and also by larger places. Although the economic history of towns has been studied to some extent in Europe, the classic example probably being Professor N. S. B. Gras's *The Economic and Social History of an English Village*, few intensive studies of this nature have been made here. Mr. B. H. Hibbard's *History of Agriculture in Dane County, Wisconsin* and Mr. S. J. Coon's *Economic History of Missoula, Montana*, are the only important studies which have been made along this line for the United States.

Alma, a small city of 6,700 people located in the central part of Michigan's southern peninsula is well adapted to the purposes of such a study. It serves for the most part as a marketing and distributing center for the surrounding agricultural community; it possesses few industries, most of which operate on a small scale, and in spite of some industrialization it is agricultural in outlook. The years prior to the turn of the century form a unit in the economic history of this town for

*This article is a summary of the early part of Dr. Weimer's thesis. The second article will bring the subject down to date.—Ed.

they represent the formative period during which the foundations for future growth were laid and the direction of development was determined.

Non-existent in 1850, this town had become a small city of 2,047 inhabitants by the turn of the century. The first settlement on land now occupied by Alma occurred in 1853 when Mr. Ralph Ely located there.¹ A number of settlers entered the Alma area following the passing of the Graduation Act in 1854,² and thereafter population growth continued at a fairly rapid rate. The Civil War retarded advance somewhat, but by the eighties Alma was growing more rapidly than either the county or neighboring towns. The transportation changes of those years and the settling of Mr. A. W. Wright³ there are the most important factors accounting for the rapid development.

POPULATION GROWTH, 1860-1900*

	1860	1870	1880	1890	1900
Gratiot County	4,062	11,813	21,936	28,668	29,881
Alma	70	404	467	1,665	2,047
St. Louis	(100)	888	1,975	2,246	1,987
Ithaca	(50)	(300)	601	1,627	2,020

*These figures are taken from the United States Census Reports except those given in parentheses, which were estimates made by local people. The 1860 figure for Alma is taken from F. J. Soule, *An American Village Community* (New York: Columbia University Press, 1909), p. 9.

The most important source of the population's income and hence the basis of economic development was the agricultural community surrounding the town of Alma. Hence, it is neces-

¹Accounts of this first settlement appear in the *Michigan Pioneer and Historical Collections*, II, 264-272; in the *Gratiot County Album* (Chicago: Chapman Brothers, 1884); and in various newspaper accounts.

²W. D. Tucker, *Gratiot County History* (Saginaw: Seeman and Peters, 1913), pp. 31-35.

³*Ibid.*, pp. 636-640. Mr. Ammi W. Wright was born in Grafton, Vermont, July 5, 1822; he entered a trucking business in 1844, was a hotelkeeper in Boston for a year, came to Detroit in 1850, and to Saginaw in 1851. There he entered lumbering. He entered into a partnership with Miller and Payne of Saginaw in 1859, organized the Tittabawassee Boom Company in 1865, and continued in lumbering with these concerns until 1882, when he organized his own company. He was active thereafter in a number of enterprises—merchandising; railroading, banking, and farming. His wealth *in toto* is unknown; he died in 1912 at the age of ninety after spending the later years of his life in philanthropic enterprises.

sary to sketch the history of farming in this area in order to secure a clear picture of economic development in the town. The first problem confronting the early settlers after land had been purchased from the government or from traders was that of clearing the land and making it ready for cultivation. This process was complicated in the Alma area because of the necessity of draining much of the land before it was in good condition for farming.⁴ Other difficulties faced the early farmers. Late frosts in the spring and early ones in the fall were very likely because of the dampness of the ground and the forests which impeded easy circulation of the air.⁵ Lack of adequate equipment and knowledge of farming methods also added to the difficulties. One description of early farming methods reads as follows: "Many of the settlers had no teams, and knew but little of agriculture, thinking that all the labor necessary to raise a crop was to deposit seed in the ground. With a spade or hoe they planted corn among the logs and brush, and were surprised that their crops amounted to comparatively nothing."⁶ Their incomes, however, were frequently pieced out by work in the lumber camps in winter⁷ and by household manufacturing.

Improved methods plus greater care in drainage and adequate machinery⁸ soon turned this area into a prosperous agricultural community. Increased specialization also added to the productivity of the land. The coming of a railroad in the early seventies was the first stimulus to specialization but to this was added another railroad in the middle eighties, better roads, and an increased demand from nearby cities. Further, the competition of western agriculture forced farmers in the Alma area to concentrate on crops in which they had a definite advantage in production.

⁴Michigan Agricultural Society, *Report*, 1856, pp. 263 ff.

⁵Hearn and Griffen, *Advance Sheets, Field Operations of Bureau of Soil* (Washington: Government Printing Office, 1904).

⁶*Gratiot County Album*, p. 573.

⁷Michigan Board of Agriculture, *Report*, 1871, p. 272.

⁸*Ibid.*, 1881, p. 311.

By 1900 the Alma area had ceased to be a wheat growing territory and farmers generally had turned to other types of crops and to a greater amount of stock raising. At the turn of the century bean growing had achieved some importance and the sugar beet was beginning to be cultivated as well. Dairying and sheep raising were becoming specialized activities by that date also. By 1900 both corn and oats were more important in terms of physical quantity of production than wheat, sheep were twice as numerous as either cattle or hogs, and horses had replaced oxen as draft animals.

The average size of farms remained at around seventy acres during the greater part of this early period, although smaller farms were the rule during the very early years. Increased productivity resulted in rising land values, and by 1900 the per acre value of farm land (exclusive of buildings and improvements) had increased to \$24.52 and many farms were selling for as high as \$50 or \$60 per acre, some also for as little as \$10 or \$15.⁹

AGRICULTURAL STATISTICS FOR GRATIOT COUNTY*

	1860	1870	1880	1890	1900
Wheat (bu.)	14,354	127,021	601,941	363,052	193,790
Corn "	17,937	81,655	390,899	617,014	1,363,290
Oats "	9,139	64,923	256,535	1,030,808	1,045,580
Barley "	391	881	6,813	16,634	14,530
Horses (No.)	175	2,072	6,179	10,699	13,390
Cows, Milch " . . .	302	3,288	6,963	9,816	10,381
Sheep "	602	11,536	20,505	47,903	50,545
Swine "	1,258	4,890	13,070	24,166	38,578

*United States Census, *Agriculture*, 1860-1900.

The only other extractive industry of importance in the Alma area prior to the turn of the century was lumbering. Although the pine forests lay to the north and west of Alma, the economic development of the town was influenced by the lumbering activity in these nearby areas due to the development in Alma of several industries based on lumber products and because

⁹"Gratiot County Register of Deeds"; also conferences with Mr. W. A. Bahlke, Mr. William Rogers, and Mrs. Turck.

the lumber camps were markets for local merchants. As soon as the timber was cut off, however, the land was turned to the production of farm crops. Had it not been possible to grow crops on this land after deforestation it is very unlikely that towns such as Alma could have developed in this region. In general, lumbering reached its peak in the Saginaw valley in the early 1880's and declined thereafter.¹⁰ By 1890 this activity was relatively unimportant.¹¹

The most important manufacturing activities in Alma prior to the turn of the century were those concerned with supplying the needs of the local community, even after the appearance of the railroads. In nearly every case only those establishments developed which secured their raw materials from the surrounding territory,—in other words—those based on the products of forest and farm.

A sawmill was set up in Alma as early as 1856 by Mr. Ely.¹² Another was constructed in 1868—an establishment of considerably more importance than the earlier one.¹³ Between 1881 and 1894 a shingle-mill was in operation¹⁴ and was run in connection with an excelsior factory between 1888 and 1891.¹⁵ Furniture factories did not develop extensively although several attempts were made along this line. Other lumber products such as sashes, doors, blinds, and barrel hoops were being manufactured as late as the early nineties, but in general manufacturing based on lumber products was of slight significance after 1890.

Local enterprises relying on agriculture for their raw materials showed greater promise. A grist and flour mill was started as early as 1857,¹⁶ another was added in 1867,¹⁷ burned

¹⁰James C. Mills, *History of Saginaw County* (Saginaw: Seeman & Peters, 1918), p. 400; F. J. Soule, *op. cit.*, pp. 8-9; *Alma Record*, June 12, 1885.

¹¹It has been estimated that nine-tenths of the merchantable pine had been removed from the southern peninsula by 1890. Michigan Board of Agriculture, *Report*, 1890, p. 471.

¹²*Gratiot County Album*, p. 794.

¹³Tucker, *op. cit.*, p. 605.

¹⁴Conference with Mr. Bahlke.

¹⁵*Alma Record*, July 26, 1889 and May 15, 1891.

¹⁶*Gratiot County Album*, p. 696.

¹⁷*Ibid.*, p. 536.

in 1880, was rebuilt in 1881 by Turck and Wright¹⁸ and continued to operate successfully until after the turn of the century. Its markets centered in nearby areas for the most part but sometimes shipments were made to the eastern part of the country.¹⁹ Another "mill" enterprise—the woolen mill—had been started in 1869,²⁰ was destroyed by the same fire which burned the flour mill in 1880, rebuilt but burned again in 1884.²¹ A similar establishment operated from the early eighties until after 1900, and although it never attained great size, it was of some significance during these years.

A flaxmill was attempted by M. B. Faughner in 1889, but never became important.²² Of much greater value to the town was the Wright, Schneider and Stuttz Creamery, started in 1886²³ and operated very successfully until after the turn of the century when it became a part of the Swift and Company organization.

A few other manufacturing establishments grew up; a foundry and machine shop was started in 1871 for the purpose of making plows and stoves. Later carriages, wagons, and bobsleds were added. The work of blacksmiths, shoemakers, harness- and saddle-makers should not go unmentioned.²⁴ Also it must be remembered that manufacturing carried on in the household accounted for many more products during these years than it did later.

Labor conditions were generally favorable in spite of extremely long hours—usually ten to eleven per day.²⁵ Wages typically ranged from \$1 to \$2.50 per day, depending on the skill required and equipment furnished by the worker.²⁶

In general, manufacturing can hardly be considered as extremely important for the economic development of Alma dur-

¹⁸Tucker, *op. cit.*, p. 672.

¹⁹*Alma Record*, February 25, 1892; February 21, 1896.

²⁰*Gratiot County Album*, p. 636.

²¹Tucker, *op. cit.*, p. 673.

²²*Alma Record*, May 10, 1889.

²³*Ibid.*, January 8, 1886.

²⁴A sugar plant was built in 1899 but is of slight importance for this period before 1900.

²⁵*Alma Record*, Aug. 14, 1885, and conferences with older inhabitants.

²⁶*Ibid.*, May 14, 1886 and April 23, 1897.

ing these years. As late as 1900 probably not over fifty families were dependent on manufacturing for their incomes. But there were indications that certain lines—notably those utilizing the agricultural products of the surrounding area—would have greater future in store for them.

As has already been noted, Alma became an important marketing center during the course of these years. This is explained chiefly by the railroad history of this section during this early period. Prior to 1873 the only means of reaching “outside” points were Pine River (which was of great importance for lumbering) and rather primitive roads. These roads are described in the *Michigan Pioneer Collections* as follows: “The usual way of repairing the roads, was for any one who found a place in the road that he was afraid to undertake to drive through, to take his ax, with which he was always supposed to be provided and cut around it. Thus the width of the road was made to vary from two to three rods to a quarter of a mile, and the traveler could make his selection.”²⁷ Except for a plank road which had been built to Saginaw in 1868 and 1869, there was little improvement in road conditions until the nineties. This plank road gradually wore out and was replaced by gravel during the late 1880’s. Grading and ditching improved the dirt roads, however, and Mr. Wright built about twenty miles of gravel road from his farms to Alma during the nineties.²⁸ The “working out” of poll taxes under local “pathmasters” was an inefficient system of highway improvement and accounts in part for the poor condition of the roads.

The first railroad—the Saginaw Valley and St. Louis—made its appearance in this area in 1873 when a line connecting these two places was completed.²⁹ Alma was connected with St. Louis by rail in 1875 when the Chicago, Saginaw, and Canada Railroad constructed a line extending from St. Louis

²⁷Volume II, page 270.

²⁸Conferences with Mr. Bahlke, Mr. Murphy, and Mr. Ellison.

²⁹P. W. Ivey, *The Pere Marquette Railroad*, pp. 253-254.

to Cedar Lake.³⁰ Reorganizations in 1879 resulted in the sale the Saginaw Valley and St. Louis. The rest of the Chicago, Saginaw and Canada was reorganized as the Saginaw and Western in 1883, which was controlled by the Detroit, Lansing and Northern road.³¹ In 1879 the Detroit, Lansing and of the 3.6 miles of track between Alma and St. Louis to the Saginaw Valley and Grand Rapids Company, which leased it to Northern also acquired the Saginaw Valley and St. Louis.

But the railroad development which gave Alma a definite advantage over neighboring rival towns was the construction and re-routing of the Toledo, Ann Arbor and Northern Michigan Railroad. This road reached Ithaca in 1884, and in spite of the fact that a short "stub" line had been constructed between Alma and Ithaca by local people in 1882,³² Alma and St. Louis were "played" against each other in the well known early railroad game of raising money and St. Louis won with subscriptions of between \$17,000 and \$25,000. Consequently the road was built to the latter place late in 1884. Fearing that such action had definitely lost the road for them, several people in Alma, especially A. W. Wright and his associates, started building a road from Alma to Mt. Pleasant which would be in the exact line of a northern extension of the T. A. A. & N. M. This road was organized under the name of the Lansing, Alma and Mt. Pleasant or "LAMP" line and was built by Alma interests with a little assistance from Mt. Pleasant in 1885.³³ This move succeeded in bringing the T. A. A. & N. M. back on a curved route from St. Louis to Alma on the tracks of the Saginaw Valley and St. Louis, then connecting with the "LAMP" tracks northward.³⁴ The rather awkward arrangement of tracks between Alma and St. Louis brought about a change of the line. In 1897 the "stub" line between

³⁰Michigan Railroad Commission, *Report*, 1875, p. 74; also *Gratiot County Album*, pp. 776-777.

³¹Ivey, *op. cit.*; also Michigan Railroad Commission, *Special Report*, 1919.

³²Michigan Railroad Commission, *Special Report*, 1919.

³³*Alma Record*, September 11, 1885 and September 18, 1885.

³⁴An indication of the rivalry existing between Alma and St. Louis at this time was the reference of an Alma paper to St. Louis as a "switch point on the Ann Arbor" after the tracks had been swung back to Alma (*Ibid.*, January 8, 1886).

Alma and Ithaca was purchased by the Ann Arbor and trains were routed over this, cutting St. Louis off of the main line. Alma was assured of being the railroad center of the county after Mr. Wright and his men tore up the tracks connecting Ithaca and St. Louis later in the same year. St. Louis protested, sued the company,—a suit which was finally settled out of court later.³⁵ These developments were of primary importance in laying the basis for a rapid growth in Alma after the turn of the century.

Brief mention should be made of merchandising activity for in it centered the town's function of acting as a distributing center. Mr. Ely started a store in the late 1850's and the number of retailing establishments gradually expanded until there were three groceries, seven general stores, two department, four drug stores and a shoe store by 1900. The most important single establishment was the Wright, Schneider and Stutz firm, started in 1881, and changed to the Alma Mercantile Company in 1894.³⁶ Merchants typically traded their wares for farm produce of various types which they later marketed, thus making a "double profit."

The history of financing production prior to the turn of the century is largely a story of private borrowing and private banking. Only one bank developed in Alma, starting as the firm of Turek, Winton & Company in 1880, and becoming the W. S. Turek & Company bank in 1883 when A. W. Wright became associated with it.³⁷ By 1900 its deposits reached nearly \$200,000, but investments remained concentrated in local enterprises and farm mortgages. Interest rates were high,—ranging from ten to twenty-five per cent,³⁸ largely because the bank had virtually a monopoly of the local market and because ventures were rather risky.

No economic history of a town of this type would be complete unless it noted the local attempts to promote business

³⁵Tucker, *op. cit.*, p. 1232. See also, Liber F, Decrees of the Circuit Court, p. 442. The settlement was reputedly for \$10,000.

³⁶"Gratiot County Incorporation Records," II, 66.

³⁷Tucker, *op. cit.*, pp. 1201-1214.

³⁸"Gratiot County Register of Deeds."

expansion and "boom the town." In 1886 a "Business Men's Improvement Association" was set up to help raise funds for the new college.³⁹ This organization became the "Alma Business Men's Association" in 1888 and they tried to induce establishments to locate in Alma by offers of tax exemptions and pledges of subscriptions to stock. The local village council frequently co-operated with this association in promoting local expansion, but in general their activities were not very successful prior to the turn of the century. The attitude of local people in regard to economic policies at this time is indicated in the following editorial: "Never send a dollar away from home when the article that dollar will purchase can be obtained at home. Money is our financial blood. Its circulation keeps the business body alive. Bleed that body by sending your money away from home and soon trade will put on a look of lethargy and inactivity. Always trade at home."⁴⁰

By way of summary it is possible to say that the factors which were most responsible for economic advance during these years were,—first, agriculture and lumbering, because they formed the basis of both manufacturing and trade; second, the railroad development which made Alma the marketing center of the county; and finally, the capital of Mr. Wright and his willingness to use it for the promotion of local business enterprises.

³⁹First the Eastern Michigan Normal School and Commercial College of Fenton, Michigan, was brought to Alma. In 1887 this was taken over by the Presbyterians of Michigan and became Alma College.

⁴⁰*Alma Record*, September 14, 1888.

ECONOMIC HISTORY OF ALMA SINCE 1900

By ARTHUR WEIMER, Ph.D

ALMA COLLEGE

THE economic history of Alma, Michigan, since the turn of the century can be divided into two main periods with the division point at 1920 or 1921. During the first two decades of the century the town grew at a fairly rapid rate, the greatest advance taking place between 1915 and 1920. Thereafter a reaction set in which was especially marked between 1922 and 1926 and again after 1930. The years from 1926 to 1930 were not lacking in prosperity although they were far from comparable to the dizzy peaks of 1917 to 1920. Perhaps the most important economic change which occurred between 1900 and 1920 was the rise of industry with the consequent diminution in the relative importance of agriculture and lumbering.

The later activity played virtually no part in the economic life of the town after 1900, and while agriculture was still of great significance, both from the standpoint of supplying raw materials for local manufactures and because of the trade carried on by local merchants with farmers, its position was not as important as it had been earlier. During the past decade, however, farming activity in the area surrounding Alma has again dominated the economic life of the town, not because agriculture has been prosperous, but because of the rapid decline of most manufacturing activities.

The population changes which occurred during the present century are typical of the general changes noted above.

Between 1900 and 1920 the number of people living in Alma increased, the growth being tremendous between 1915 and 1920. After 1920 a decline in the population set in; this was checked temporarily in 1926, but after 1929 the number of people again diminished.

POPULATION STATISTICS, 1920-1934

	1900	1910	1920	1930	1934
Michigan	2,421,002	2,810,193	3,668,412	4,842,325	-----
Gratiot Co.	29,969	28,620	33,914	30,252	30,000
Alma	2,047	2,757	7,542	6,734	6,000
St. Louis	1,989	2,342	3,036	2,494	2,800
Ithaca	2,020	1,970	1,929	1,780	1,800

(Figures taken from U. S. Census Reports, except the 1934 figures, which are estimates made by the writer with the assistance of various local people.)

Prior to 1920 the rate of growth in Alma was greater than that taking place in the state generally, or in any of the surrounding towns. Since 1920, during the period that Michigan was growing more rapidly than any other state except California and Florida, Alma was losing in numbers as were the other towns in the county.¹

The chief reasons for these population movements in Alma can be found in the rise and decline of local manufacturing activity, notably that of the Republic Truck Company. The railroad changes which occurred just prior to the turn of the century² were responsible in part for some of the earlier growth in numbers, because they helped to increase Alma's importance as a marketing center, but they were not comparable to manufacturing as a cause of these population movements.

A number of new lines of manufacturing were added during these years, and although a few of the old ones continued, they were of slight significance. Milling was continued for a time, but diminished in importance and was discontinued in 1912. The Wright, Schneider and Stuttz Creamery³ was re-organized as the Central Michigan Produce Company in 1903⁴ and thereafter its activities were rapidly extended. In 1908 the establishment was purchased by Swift and Company, new lines were added and the activities of the firm extended over a wider area. The plant continued to operate on a profitable basis through the remainder of these years.⁵

¹Within the past two years oil developments north and east of Alma have added to the number of people in St. Louis and have brought some slight additions to Alma's population as well.

²See article by the writer in the preceding issue of the *Michigan History Magazine*.

Far more important than the older lines of manufacturing were the additions of new establishments. In 1899 a sugar factory was built after the formation of the Alma Sugar Company.⁶ This plant operated successfully, but merged with the Michigan Sugar Company in 1906⁷ and has continued as a part of the latter organization. Favorable tariff policies, increased consumption of sugar and special concessions made the domestic beet sugar industry a profitable one prior to 1920, and although more recent years have been less favorable, the local plant has continued to be of major significance for the economic life of Alma.

In 1913 Libby, McNeill and Libby set up a pickle canning plant in Alma. This plant expanded its operations to include other vegetables after 1920, continued activity until 1932 when it was closed and it has not been reopened.⁸

A number of short lived manufacturing ventures were of some significance to the economic history of Alma, chiefly, however, as negative contributions. Many concerns were promoted, operated for several years and then scrapped because they proved to be unprofitable. To the extent that they took capital and labor from ventures which might have been more successful, they hindered rather than furthered economic advance.⁹

The manufacturing concern which left the deepest impression on the economic history of Alma was the Republic Truck Company. This organization was not started until 1913 when several local men leased the plant of the old Alma Manufacturing Company, which had been set up in 1903 for the purpose of manufacturing gasoline engines.¹⁰ In 1914 the new company marketed 127 trucks and thereafter its activities expanded

³*Ibid.*

⁴*Gratiot County Incorporation Records*, Vol. III, p. 37.

⁵Conference with local manager and correspondence with the company.

⁶*Gratiot County Incorporation Records*, Vol. II, p. 126.

⁷*Ibid.*, Vol. III, p. 23.

⁸Conference with the local manager and correspondence with the company.

⁹Among the most important of these were: The Little Giant Hay Press Co., the Asphalt-Masticate Co., the Miller Saw-Trimmer Co., Western Carburetor Co., Dual Duty Co., Duplex Co., Northern Wheel Co., and an overall factory.

¹⁰*Alma Record*, March 13, 1903; see also *Gratiot Co. Incorporation Records*, Vol. III, pp. 45, 53, 82.

rapidly. By 1917 over 12,000 trucks were sold.¹¹ The total volume of business increased from \$213,000 in 1914 to \$16,513,000 in 1919. Cessation of war demands for trucks, the post-war depression plus the glutting of the truck market as a result of the use of old army trucks for civilian purposes spelled ruin for the company. Production declined rapidly and a receivership could not be averted in 1923.

The receivership¹² and consequent reorganization solved the company's problems temporarily, but in spite of the fact that the volume of business increased to over \$5,000,000 in 1927, the Company failed to regain much of its old business and operations declined thereafter. In 1931 the total volume of business was only \$2,000,000 and the plant was sold in that year to the Sterling Manufacturing Company of Milwaukee.

Such a rapid rise and decline had a profound meaning for the economic development of Alma. The Republic Company drew a large number of workmen to this town,¹³ brought about a rapid rise in the economic activity of the locality generally, created many speculative values, and its decline was the main factor in accounting for the depressed condition since the war period.

Since the decline of the Republic Company, the most important industry for Alma has been the Lobdell-Emery Company, which moved to this place in 1926.¹⁴ This concern manufactured wooden steering wheels for automobiles at that time, but the advent of the composition wheel resulted in the substitution of a furniture line, and more recently, the manufacture of bicycle rims. Except for 1930, 1931 and 1932, the volume of business has been expanding. The recent "bicycle craze" has been of considerable help in bringing this concern through the depression.¹⁵

Although agriculture in this area was generally prosperous

¹¹Material on the Republic Company from this point forward taken from audited reports of the Republic Truck Company.

¹²In many respects the receivership was the result of a very unwise financial program, but a retention of the old managers probably would have made little difference.

¹³As high as 2,000 men were employed at average rates of 60¢ per hour.

¹⁴Alma Chamber of Commerce, *Minutes*, p. 46.

¹⁵Mr. E. J. Lobdell furnished material on the activities of this establishment.

prior to 1920 and much less so since that time, it was relatively more important for the economic life of Alma during the years since the war, chiefly because manufacturing activity declined much more rapidly than agriculture. Perhaps the most important single change in agriculture during these years was the introduction of the sugar beet in 1899 and 1900.¹⁶ At the turn of the century only 1500 acres of Gratiot County land were employed in beet growing, the acreage increased to over 12,000 in 1920, although it declined considerably thereafter. Tariff rate changes plus the general effects of the depression account for the more recent decline in the importance of this crop. Not only did the introduction of the beets mean the addition of a new crop, but it resulted in a shift in the importance of other farm crops and had some effect on the care with which the soil was cultivated. The production of corn and wheat declined after 1900, although hay became a more important crop and barley growing increased. Dairying became a more popular line at the same time that sheep and hog raising tended to be stressed to a lesser extent. This accounts in part for the change in the importance of some crops. Beans became an important product, especially during the past decade. The increased use of machinery resulted in an increase in the average size of farms in the Alma area, and the lack of agricultural prosperity since the war years have resulted in the elimination of some land from cultivation.

AGRICULTURAL STATISTICS, 1900-1930

(Gratiot County)

	1900	1910	1920	1930
Barley (acres)	803	1,900	11,282	8,666
Corn "	40,761	36,464	29,262	31,398
Wheat "	28,775	13,942	24,298	14,705
Oats "	26,156	30,947	33,152	29,247
Sugar Beets "	1,551	8,701	12,053	3,498

¹⁶Experiments along this line had been carried on as early as 1891. The first important success in this part of the state was achieved near Bay City in 1898 and this stimulated the introduction of the new crop in the Alma area. See Michigan Board of Agriculture, *Bulletins*, Nos. 71, 82, 150.

Horses (no.)	13,390	13,859	13,284	8,576
Milch Cows	10,381	13,745	23,020	15,638
Sheep	50,545	56,608	29,934	37,027
Hogs	38,576	27,165	25,825	15,047

(Figures taken from U. S. Census Reports.)

The agricultural depression following the war resulted in a decline of land values from a high point of \$175 to \$200 per acre in 1919 to \$50 or \$75 in 1933—values which were only slightly above those of 1900.¹⁷

The prosperous years for local agriculture and manufacturing which preceded 1920 combined with improved transportation facilities to increase Alma's importance as a marketing and distributing center. Following the railroad changes of the late 1890s, which made Alma the railroad center of the county, a series of road developments helped to improve the transport facilities of the locality. In 1905 the law providing for state aid to local governmental units for road building¹⁸ stimulated a considerable amount of gravel road construction. This was supplemented by further state aid, by provision for trunk line highways and by the Federal Aid Act of 1916. Under these later stimuli concrete highway construction was undertaken and by 1929 Alma was linked with all main cities in the state by high grade cement roads. The automobile itself was a demand for improved roads and better roads increased the number of cars in use. In 1920 nearly 4,700 pleasure cars and around 235 commercial automobiles were in use in Gratiot County. By 1930 these numbers had increased to 7,510 and 1,151 respectively, although the depression brought a decline to 6,812 pleasure vehicles and 1,039 commercial autos.¹⁹ Better roads also made bus lines possible and after 1922 Alma was provided with such transport facilities.²⁰ Even greater changes were wrought by the increased trucking which such roads made possible. In part improved road systems stimulated marketing activity in Alma, but they also tended to put local mer-

¹⁷Land values were secured from the Gratiot County Register of Deeds, and from conferences with local people.

¹⁸*Michigan Laws*, 1905, Act 146.

¹⁹Letter from O. E. Atwood, Director State Motor Vehicle Division.

²⁰*Alma Record*, February 23, 1928.

chants into direct competition with those in larger centers such as Lansing and Saginaw. Further, the ease with which merchandise could be trucked in from other points tended to diminish the importance of local wholesaling, which had grown rapidly between 1915 and 1925.²¹

Retailing activity increased rapidly between 1900 and 1920, although a noticeable lessening in both the volume of business and in the number of stores in operation has been in evidence during the past ten years. Probably the major change in retailing which took place since the war was the advent of a number of chain stores. These contributed to a number of changes in merchandising practices and have also been a factor in lessening the importance of local wholesaling.

The financial history of Alma since 1900 centered in two banking institutions and a building and loan company. Both of the banks were started in 1901. In that year the old firm of W. S. Turck and Co. was reorganized as the First State Bank of Alma and the Alma State Savings Bank made its appearance. Total resources of the former bank reached one and a half-million dollars by 1920 and the latter possessed \$700,000 in total assets by that time. These resources were increased by 1930, but diminished rapidly during the depression. In 1934 the First State had only slightly over \$1,000,000 in resources and the Alma State possessed slightly less than \$600,000.²² Both banks, however, managed to weather the depression storm, and in one instance through RFC assistance.

The Alma Building and Loan Association operated until 1924 when it disbanded. Its greatest volume of loans was attained in 1921 when over \$40,000 worth of buildings and improvements were financed.²³

Local business men attempted to set up a local "trade dollar" in the hope of stimulating business in 1933.²⁴ This experiment

²¹Conferences with Mr. Redman of the Redman Wholesale Co., and Mr. McCuaig of Symons Bros. Co.

²²Bank statistics were taken from published bank reports and from the Reports of the Commissioner of Banking.

²³Alma Building and Loan Association, *Secretary's Reports*.

²⁴A number of other Michigan towns adopted similar devices, with approximately the same results.

was generally not satisfactory, however, and was soon abandoned.

The extent of these various economic changes were reflected in local real estate values. Total assessed valuations of real property in Alma rose from \$707,000 in 1900 to \$7,900,000 in 1921, after which they declined steadily to \$3,800,000 in 1933.²⁵ Similarly, choice business lots advanced from around \$50 per front foot to as much as \$210 in 1920, remained fairly stable to 1929, but declined rapidly thereafter.²⁶

Brief mention should be made of the activities of local business men's associations and their attempts to promote expansion. Between 1901 and 1920 such activities were carried on by the "Alma Board of Trade", a group of approximately thirty business men who attempted to secure new industries for the town. As has been indicated above, the majority of such promotions were unsuccessful.²⁷ Late in 1920 this group was succeeded by the Alma Chamber of Commerce,²⁸ but it accomplished relatively little, became virtually non-existent in 1929 and was succeeded by a local "Booster Club" in 1932. This latter organization apparently has been more interested in promoting Alma as a marketing center than in attempting to bring in new industries.

Space limitations prevent a discussion of other phases of Alma's economic development during these years. Several institutions such as the college, the Michigan Masonic Home, the Gleaners Home and the Maccabees Home were not without significance for the economic life of the town. Similarly, a number of smaller manufacturing establishments operated with reasonable success and contributed to local economic advance. However, a sufficient amount of material has been presented to indicate the main course of economic development and the reasons for the major movements which occurred. Since 1900 Alma has developed from a "country town" to the position of a

²⁵See *Records of the City Clerk of Alma*.

²⁶Estimates made from a perusal of the county Register of Deeds and from conferences with local people.

²⁷Alma Board of Trade, *Minutes Book*.

²⁸*Alma Record*, Dec. 7, 1920.

small industrial city and returned to approximately the same condition which was characteristic at the turn of the century. This does not mean that all advance was lost, but rather that the town turned to the performance of its original functions as a marketing and distributing center for an agricultural area after its industries fell as victims of the post war depression and failed to "come back" during the general business revival of the late 1920s.



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FACTORS DETERMINING THE ECONOMIC DEVELOPMENT OF A MICHIGAN "COUNTRY TOWN"

THE economic significance of the "country town" as an institution peculiar to the development of this country is a commonplace to students of American economic history. Yet relatively few attempts have been made to point out specific factors which tend to further or hinder economic development in such places. It seems justifiable, therefore, to point out some of these causes of growth and to show their relationship to more general economic forces.

The material presented here is drawn largely from a study of the economic history of Alma, a small town of 6,700 inhabitants located in the central part of Michigan's Southern Peninsula. But much that is said concerning it will apply to other towns in the Middle West, and, with some modifications, to similar places located in other parts of the country.

A brief historical review of the development of this town will help to clarify the discussion of factors which have determined economic development. The first settlement on land now occupied by Alma took place in 1853.¹ Settlers entered this area rapidly during the succeeding years and two rival towns were founded—St. Louis, located three and a half miles northwest of Alma, in 1854, and Ithaca, nine miles to the south, in 1855. Table I summarizes population changes for these three towns and for Gratiot County.

The economic history of Alma can be divided into four rather distinct periods. The earliest of these covers the years from 1853 to 1880—a time during which extractive industries dominated the economic life of the town. Agriculture and lumbering were the chief industries. A railroad connection was secured in the middle

¹ Accounts of this first settlement have appeared in the *Michigan Pioneer and Historical Collections*, II, 264-72; in the *Gratiot County Album* (Chicago: Chapman Brothers, 1884); and in various newspapers.

seventies² and this accelerated growth. However, this road was of greater benefit to St. Louis than to Alma.

The second period was marked by gradual expansion of agriculture, the decline of lumbering, the development of commercial activities, and some growth of small-scale manufacturing. In the early eighties, A. W. Wright, millionaire lumberman, merchant, and banker, settled in Alma, and he dominated many of the local economic developments during the succeeding three decades.³ In

TABLE I
POPULATION CHANGES, 1860-1934*

Year	Alma	St. Louis	Ithaca	Gratiot County
1860.....	70†	(100)	(50)	4,062
1870.....	404	888	(300)	11,813
1880.....	467	1,975	601	21,936
1890.....	1,665	2,246	1,627	28,668
1900.....	2,047	1,987	2,020	29,881
1910.....	2,757	2,342	1,970	28,620
1920.....	7,542	3,036	1,929	33,914
1930.....	6,734	2,494	1,780	30,252
1934†.....	6,000	2,800	1,800	30,000

* These figures are taken from United States Census Reports, except those given in parentheses, and those for 1934, which are estimates made by local people.

† F. J. Soule, *An American Village Community* (New York: Columbia University Press, 1909), p. 9.

‡ Figures for 1934 are estimates made by the writer with the assistance of various local people.

1885 and 1886 he was largely responsible for inducing the Ann Arbor Railroad to direct its route northward so as to include Alma, and in 1897 he was instrumental in having St. Louis eliminated from the Ann Arbor line.⁴ Thereafter Alma was the railroad center of the county.

The first two decades of the twentieth century were marked by rapid advance. Agriculture was prosperous and trade expanded. The greatest contribution to growth, however, was made by manufacturing activity—especially after 1913, when the Republic Truck Company was started.⁵ This company grew rapidly dur-

² P. W. Ivey, *The Pere Marquette Railroad* (Lansing: Michigan Historical Commission, 1919), pp. 253-54.

³ W. D. Tucker, *Gratiot County History* (Saginaw: Seemann and Peters, 1913), pp. 31-35.

⁴ *Ibid.*, p. 1232.

⁵ *Gratiot County Register of Deeds.*

ing the war years, but its decline after 1920 was the principal reason for depressed conditions in Alma from about that date forward.

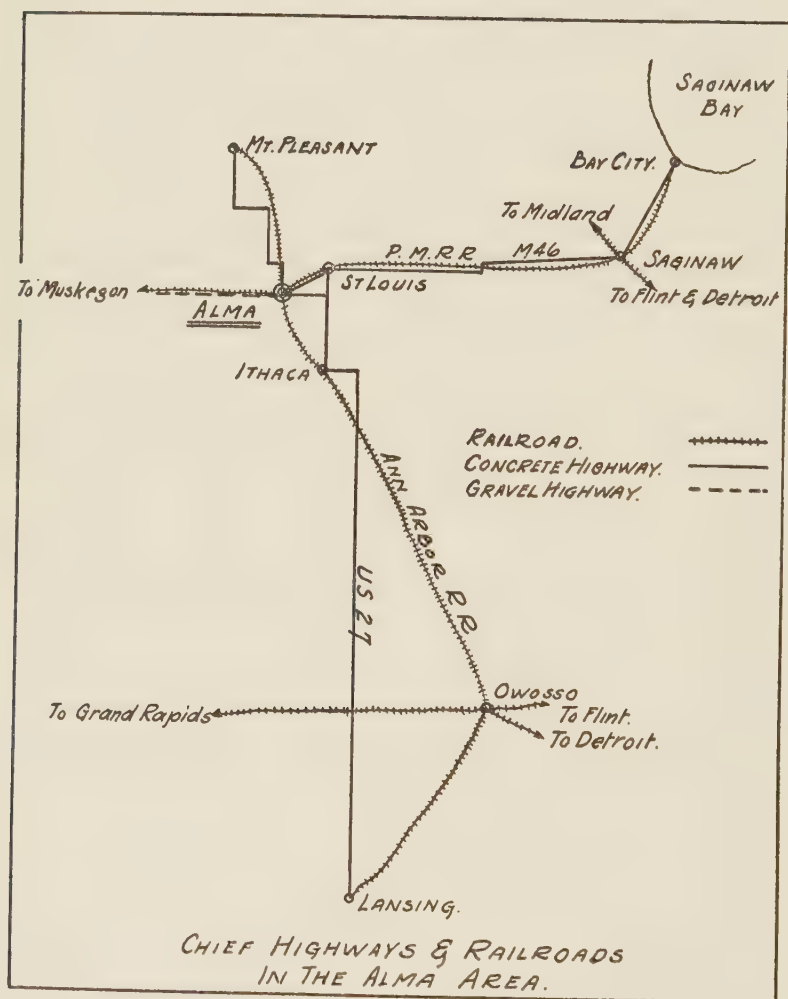


FIG. 1

These latter years comprise the fourth main division in Alma's economic history—a period of retrogression. Agriculture was far from prosperous after the war, trade declined, several local plants

failed, and the Republic was unable to regain lost ground in spite of a reorganization in 1923. By 1930 its operations had almost ceased, and in 1932 it was sold to the Sterling Manufacturing Company of Milwaukee. Between 1926 and 1930 there seemed to be some hope for the revival of local manufacturing and several new establishments were set up. But the depression years since 1929 added to the economic difficulties which had been growing during the twenties.

Probably the most fundamental influence in shaping the growth of towns like Alma is natural resources. During the Colonial period of American history it was the abundance of natural resources which largely determined the type and extent of economic activity which took place. The only marked advantage which the new communities possessed in the production of wealth was their rich natural resources, and it was this condition which gave their products a competitive advantage in world-markets. Of course, the natural resources would have had no economic significance had it not been possible to market the products. But the markets were available and the abundance of natural resources formed the foundation of the colonists' prosperity. As time went on this situation was greatly modified.⁶

The new settlements in the interior of the United States corresponded in many respects to the original colonies on the Atlantic seaboard. The most important basis of their income was an abundance of natural resources—agricultural land, timber, or mines being the most prominent. But their markets centered in older settlements rather than in foreign commerce—hence a national economy began to develop—largely because of the specialization of economic activity which was dictated in part by the abundance of natural resources in newer areas. Such specialization would have been impossible without the growth of an efficient transport system, which connected the new settlements with the old. Given the transportation, however, the resulting specialization developed at a rapid rate.

It was the settlement of the West which brought the vast

⁶ The writer is indebted to G. S. Callender for this analysis. See his *Readings in the Economic History of the U.S.* (New York: Ginn and Co., 1909).

wealth of natural resources in the interior of the United States into use. Prior to 1850 the main line of the westward movement almost entirely missed the interior of Michigan's Southern Peninsula.⁷ Situated as it is between the shores of Lake Huron and Lake Michigan, the area formed a sort of inlet or eddy—beside, rather than in, the main stream of migration. Hence, it was not until the middle fifties that settlers entered this area. Natural resources alone accounted for the original settlements. The rich lumber resources of the Saginaw Valley had brought lumbermen into the territory at an early date, and by the late fifties their operations reached the vicinity of Alma.⁸ Farmers, however, were to make up the majority of the population in this area, and they came in rapidly after 1855. By 1890 Gratiot County, within which Alma is located, had a population of nearly 29,000—almost as many as at the present time.⁹ It was the natural resources of the area, notably agricultural land, which formed the basis of this population's economic progress, and these continued to be a prime factor in explaining the town's development.

Certain other natural resources, such as furs and other products of the wild life of the forest, were of importance during the early years of settlement, but their significance declined after the first few decades.¹⁰ Lumber resources had a bearing on the economic advance of Alma during the years before 1900, but were of practically no significance thereafter.¹¹ The forest area of Michigan lay to the north of Alma for the most part, and influenced the growth of the town only incidentally.

Not only do natural resources explain original settlement and much of the economic advance of this town, but their influence is even greater than this. For as areas farther to the west were brought under cultivation and connected by rail and other transport agencies with markets, they in turn influenced the produc-

⁷ E. L. Bogart, *Economic History of the American People* (New York: Longmans, 1932), pp. 426-28.

⁸ James C. Mills, *History of Saginaw County* (Saginaw: Seemann and Peters, 1919), p. 403.

⁹ United States Census, 1890, *Population*.

¹⁰ W. D. Tucker, *op. cit.*, pp. 40-50.

¹¹ James C. Mills, *op. cit.*, pp. 402-10.

tion activities of the Alma area. Hence, grain farming, notably the growing of wheat, declined, and specialization in such crops as sugar beets and beans and the raising of livestock, especially cattle, sheep, and swine, became the main lines of agricultural activity,¹² largely because of the competition of the new sections of the country. Other influences also played their parts in determining the types of crops which should be produced, but one of the most important factors in explaining this development was the growth of settlements in the area west of the Mississippi.

Natural resources in the vicinity of Alma also accounted for a number of the manufacturing activities which developed. During the earlier years, the lumber resources nearby resulted in the establishment and operation of several sawmills, a planing mill and shingle factory, and a furniture factory.¹³ A grist- and flourmill was among the first enterprises to be set up, because wheat and corn could be secured in the locality. A woolen mill also developed at an early date for similar reasons.¹⁴ Although these enterprises were of limited size, they played their part in the economic advance of the town.

Much of the later manufacturing development was due to the fact that raw materials could be secured from farms in the immediate vicinity—a sugar factory,¹⁵ a produce plant,¹⁶ and a pickle and vegetable canning factory¹⁷ all grew up because such agricultural products could be secured locally. And it should be noted that, with a few exceptions, the only manufacturing enterprises which achieved lasting success were those which relied on the products of the immediate area.

Natural resources require a certain amount of labor and capital before production can be carried on—no one of the factors of production can be used alone. Hence, the available labor and capital supplies must be considered as influences which helped to

¹² United States Census, 1860-1930, *Agriculture*.

¹³ W. D. Tucker, *op. cit.*, p. 605; also conferences with Mr. W. A. Bahlke and Mr. William Rogers.

¹⁴ *Gratiot County Album*, pp. 696-701.

¹⁵ *Gratiot County Incorporation Records*, II, 126.

¹⁶ *Alma Record*, February 20, 1903.

¹⁷ Conference with Mr. Peter Rinck.

shape the growth of Alma. But there is nothing especially distinctive about the labor supply in Alma—or in most towns and small cities. In comparison with European countries the American labor supply has always been limited, both in terms of quantity of labor and the degree of skill available. It is true that the rapidity with which labor-saving devices were adopted by farmers in the Alma area can be explained in part by the difficulty of securing laborers, but this was not distinctive of agriculture in this locality alone. And apparently labor could be obtained whenever the economic opportunities for its employment were present, for the number of laborers in Alma was rapidly increased between 1915 and 1920 during the prosperous period of the Republic Truck Company. It may be that the degree of skill possessed by the workers in Alma was more limited than in larger centers—but otherwise there is little to set this off as a factor explaining either growth or the lack of it.

The influence of capital, however, is more marked. A supply of capital can be secured either by saving or by bringing it in from elsewhere. To the extent that the latter alternative is possible, growth may proceed at a much greater rate than if the capital supply must be the product of a slow accumulation process. In general there are certain hindrances to the free flow of capital to smaller cities: their banking facilities are less adequate than those in larger places, the enterprises carried on are not large enough or sufficiently widely known to attract investment, and the corporate form of organization is not used to a great extent (or, if used, the concerns are too small for their securities to command attention in the larger capital markets). It was not until 1919 that any local business organization was able to finance itself in this way.¹⁸ In that year the Republic Truck Company floated a three-million dollar bond issue which was sold in New York. And during the twenties the city sold a number of its bonds to bankers and trust companies in Detroit.

On the other hand, some particular individual with fairly large amounts of capital at his command may be much more influential in determining the course of development in a small community

¹⁸ Audited reports of the Republic Truck Company.

than if he is located in a larger place. Such was the case of Mr. A. W. Wright in Alma.¹⁹ His capital and entrepreneurial ability were vital factors in explaining the economic development of this small city. The lack of significant amounts of capital is one reason for the relatively slow growth of the Alma area during the earlier years. Because settlers who had neither sufficient equipment nor the means with which to purchase it had hurried into the woods in order to take up land, the development of agriculture was a slow process until the required tools and machinery could be secured. Farmers commanded no credit in other places except to the extent that they had friends or relatives who were willing to finance them. Hence, a capital supply had to be accumulated gradually, by the saving process for the most part. Lack of markets due to inadequate transportation facilities prior to the coming of the railroads accentuated this problem. And, since the business men of the town relied upon the trade of farmers in the surrounding area, there was little chance for growth along commercial lines so long as agriculture remained in a backward condition.

Consequently, when Mr. Wright settled in Alma in the early eighties and began to take an active part in promoting the development of the town by making his capital available to local enterprises, the rate of growth was rapidly increased. He furnished funds for a number of Alma establishments which otherwise might not have been set up, and took an active part in promoting local business generally. His capital was of the greatest importance in determining the character of the railroad system in the Alma area,²⁰ for when he engineered the rerouting of the Ann Arbor in the late nineties Alma became the railroad center of the county, and as a result business houses there were able to forge ahead of their rivals in neighboring Ithaca and St. Louis with great rapidity.

Mr. Wright's funds made possible the beginning and growth of the Alma Roller Mills,²¹ the Central Michigan Produce Com-

¹⁹ W. D. Tucker, *op. cit.*, pp. 30-35; 636-40. See also T. G. Gardiner and John Moore, "Ammi W. Wright," *Magazine of Western History*, Vol. V, No. 1.

²⁰ See p. 209, *supra*.

²¹ W. D. Tucker, *op. cit.*, p. 672.

pany,²² the Alma Mercantile Company,²³ the sugar factory, the Alma Sanitarium,²⁴ and the college.²⁵ He was also a stockholder in the First State Bank²⁶—in fact, it was his capital and the confidence which local people had in him which helped to make this bank a sound financial institution. He also built about twenty miles of road in this locality, and his interest in agriculture prompted him to point out more efficient methods of production to local farmers.²⁷ The very important part which he played in determining the course of economic development in Alma is typical of the rôle which similar persons have played in numerous small cities. The common phrase “a one-man town” is altogether too well known and has been applied to too many situations to be passed over lightly.

Another significant factor in explaining the economic advance of Alma was the development of an adequate transportation system. Reference has already been made to the importance of transport agencies in connection with natural resources and to the influence which Mr. Wright was able to exert through a change in railroad lines. It was the railroad which broke down the old self-sufficiency and made specialization and production for the market possible—conditions which were necessary before the farm incomes of this area could grow substantially. Although nature had provided something of a transportation system in the rivers and streams which could be navigated by small boats,²⁸ neither these waterways nor the crude roads through the forests were sufficient to allow specialization in the Alma area. As the rail facilities were extended the possibilities of specialization and production for the market were increased. And since Alma secured north-south as

²² Now the Swift and Company Produce Plant.

²³ *Gratiot County Incorporation Records*, II, 66.

²⁴ *Alma Record*, September 10, 1886.

²⁵ A. F. Bruske, “History of Alma College” (unpublished MS, Alma College Library, 1892). Also, conference with H. M. Crooks.

²⁶ Conference with Mr. Carl Washburn, cashier, First State Bank.

²⁷ Conferences with Mr. W. A. Bahlke, Mr. William Rogers, Mr. Charles Murphy.

²⁸ G. N. Fuller, *Economic and Social Beginnings of Michigan* (Lansing: Michigan Historical Commission, 1916), pp. 19-27.

well as east-west rail connections, the town's ability to serve the surrounding agricultural community as a marketing and distributing point were definitely increased.

Railroad development has been a significant factor in determining the growth of a number of small cities—sometimes it alone explains settlement and growth—or the lack of adequate rail facilities may spell disaster to a community, the history of the neighboring town of St. Louis being a case in point.

Yet, the railroads put Alma merchants into more definite competition with other markets and took away the quasi-monopolistic position which they enjoyed for a time. But the benefits far outweighed this loss. Highway development was more important in this connection. Although better roads increased the area over which Alma merchants could sell their goods and made it easier for farmers to bring their produce to Alma markets, they also took business away from local merchants to establishments located in larger cities. This was especially true of the concrete road system which developed during the twenties.²⁹ In some respects the development of such roads wiped out the strategic position which Alma's rail connections had secured for her, and the relative gains from the modern road system were not as marked as they were for other nearby small cities and towns.

Certain governmental policies have been influential in determining the economic growth of Alma. The Graduation Act helped to account for the rapidity with which population moved into this area in the fifties and sixties.³⁰ The Erie Canal speeded up the rate of settlement in this locality, and the financial assistance which governmental units gave to the railroads hastened settlement and economic progress. Highway development was almost entirely the product of governmental activity, and its influence has already been suggested. The regulation of banking helped to

²⁹ Materials for the study of highway development are: *Michigan Laws*, especially 1893, 1905, 1915, 1917; Michigan Highway Commission, *Reports*, 1905 to 1934; and *Gratiot County Album*.

³⁰ B. H. Hibbard, *History of Public Land Policies* (New York: Macmillan Co., 1924), p. 144; see also *Gratiot County Album*, p. 18; W. D. Tucker, *op. cit.*; and L. K. Mathews, *The Expansion of New England* (New York: Houghton Mifflin Co., 1909), p. 225.

increase the soundness of local financial institutions, and governmental provisions for financing agricultural loans were factors of some importance in explaining development of one kind or another. Such policies, however, were not especially distinctive in their influence on the development of this locality. The tariff policy of the country was of special significance for the Alma area because it provided protection to sugar and hence gave a bounty to sugar-beet growers.³¹ The World War, by stimulating a great demand for motor trucks, provided a large market for the Republic Truck Company, without which a large portion of its expansion would have been impossible. Conversely, it was the cessation of these war-time demands which largely explain the decline of this company.³² It should be noted that the Republic Truck Company was the most important single industry ever to develop in Alma and was responsible for much of the advance which occurred between 1915 and 1920. However, this rapid expansion created a number of problems for the present-day citizens.

In many ways the general development of the entire country reacted on the economic advance of Alma—not in a fashion, however, that was distinctive for this locality alone. Nevertheless, a few of the most important influences of general growth should be noted. Some of these have already been mentioned: the influence of agricultural development in newer areas resulted in a change in the type of crops and amount of specialization in farming in the Alma area,³³ also the reactions from certain governmental policies have been noted in the preceding paragraph. Several other results of a general advance should be mentioned also.

The rapid increase in population, plus the tendency toward urbanization, resulted in a larger market for farm products and led to a more prosperous agriculture. The importance of this is easily seen if the fact that the major source of Alma's income was derived from trade with farmers is borne in mind. Shifts in cen-

³¹ L. S. Ellis, *The Tariff on Sugar* (Freeport, Illinois: Rawleigh Foundation, 1933), pp. 60-85; see also F. W. Taussig, *Some Aspects of the Tariff Question* (Cambridge: Harvard University Press, 1924), p. 81.

³² Audited reports of the Republic Truck Company.

³³ Michigan Agricultural Society, *Reports*, and Michigan Board of Agriculture, *Reports*.

ters of certain types of production had an effect. The exhaustion of the timber supply in Michigan and the rise of the lumber industry in the South and West were especially significant for local development.³⁴ Advances in technology brought greater efficiency in the various production processes carried on. The general tendency toward a greater amount of specialization in economic activity influenced people in Alma chiefly, however, as it affected agriculture. Furthermore, the general rise and fall of business activity—prosperity and depression—had important local effects. It is probably true that such swings of the business cycle were not as marked here as in more highly urbanized places, but they still exercised a profound influence.

Two non-profit-seeking institutions were also of importance in determining expansion here. Alma College,³⁵ started by the Presbyterian Church and endowed originally by Mr. Wright, brought a number of people to the city and increased the size of the local market. The same was true of the Alma Sanitarium, which later became the Michigan Masonic Home. These institutions gave Alma an advantage over neighboring rivals and were special factors in helping to explain economic advance.

Certain factors which deterred development should be mentioned also. The quality of managerial ability in Alma was not of the highest³⁶—a condition which is evidently typical of many similar places. This did not make a great deal of difference during the early years, when no large amount of managerial ability was required, due to the fact that competition was limited almost entirely to the local market (and as time went on the demands made upon management were not as great in Alma as in larger centers); yet deficiency in managerial ability accounted for the failure of a number of business establishments and for the dissipation of significant amounts of capital.³⁷ Apparently those who possessed

³⁴ J. E. Defebaugh, *History of the Lumber Industry of America* (Chicago: The American Lumberman, 1906), I, 36 ff.

³⁵ A. F. Bruske, *op. cit.*; see also *Registrar's Reports*.

³⁶ Conferences with Mr. Harley Williams, Mr. W. A. Bahlke, and Mr. Charles Murphy.

³⁷ The local "Board of Trade" was responsible for much of this.

special gifts along this line went to larger cities, where there were greater possibilities of "cashing in" on their talents. Furthermore, there were few local enterprises of sufficient size to draw high-salaried managers from other places.

Climatic conditions have not been as favorable in Alma as in other parts of the Middle West³⁸—the growing season is likely to be shortened by late frosts in the spring and early ones in the fall. Much of the farm land requires drainage—a fact which increases the investment necessary for efficient production—and the soil is not as rich as in many other parts of the state or in neighboring areas of the Middle West.³⁹

A fact of some importance, also, was the failure of Alma to become the county seat.⁴⁰ While this was not a serious matter, it would have helped to promote advance, especially during the earlier years. The intense competition between Alma and her neighboring rivals (and the county-seat struggle is only one instance of this) checked growth, especially prior to the railroad developments of the late nineties which gave Alma an advantage that could not be overcome. This inter-city rivalry, however, brought about the promotion of a number of projects by local people which might better have been let alone. Practically none of the various enterprises brought to Alma by the Board of Trade⁴¹ and similar bodies ever proved successful for any significant length of time. This meant that a great deal of local capital was lost because of such misdirected economic activity.

Furthermore, Alma is some distance from large central markets, and this has been a hindrance in spite of the growth of transportation facilities. The town has remained outside the main currents of trade—a condition typical of many similar small communities—and as a result the variations in economic activity have not been as noticeable as in larger centers. To the extent that this has brought about a steadier, more conservative business life, it

³⁸ A. Hearn and G. Griffen, *Advance Sheets*, Field Operations of Bureau of Soils (Washington: Government Printing Office, 1904).

³⁹ *Ibid.*; see also L. A. Chase, *Rural Michigan* (New York: Macmillan Co., 1922) p. 113.

⁴⁰ W. D. Tucker, *op. cit.*, p. 113.

⁴¹ Alma Board of Trade *Minutes Book*.

may have been a cause of growth rather than a hindrance. It is very likely that this condition affected other aspects of life, however. The fact that such institutions as the church and the home remained relatively more important in Alma than in urban communities can be attributed to this influence, in part at least. Furthermore, consumption changes were never as rapid in Alma as in larger places which were located nearer the chief trade centers.⁴²

One other deterrent to economic advance should be noted: the absence of a sufficient supply of capital during the earlier years. This point has already been referred to in the discussion of agriculture, but its repetition here is necessary to indicate its significance for other lines of economic activity.

These are factors which have had a special influence on the economic advance of Alma, Michigan. It will be interesting to compare these with the most important determinants of growth in larger cities. A rapid survey of the history of our major cities indicates that the factors which shaped development in many cases were similar to those which dictated progress in Alma. But the larger centers have had additional advantages—and usually have possessed these in such a combination as to make possible a far-reaching advance.⁴³

Probably the outstanding difference between these two types of communities is the fact that larger centers have not relied on extractive industries to as great an extent for their economic development as small cities like Alma, and manufacturing has played a greater part in their growth. There are a number of reasons why such developments occurred in particular centers. Nearness to raw materials or easy access to them is a fact of great importance. This alone, however, has not usually spelled success. The city needs to be in the main currents of trade—located either on a navigable waterway (a fact of great importance during earlier years) or possessed of good rail facilities. Alma, for example, was

⁴² *Gratiot County Album*, pp. 750-65; see also W. D. Tucker, *op. cit.*, pp. 601-10.

⁴³ A good discussion of determinants of city growth appears in Richard M. Hurd's *Principles of City Land Values* (New York: The Record and Guide, 1924). Similar material appears in Stanley L. McMichael and Robert F. Bingham, *City Growth Essentials* (Cleveland: Stanley McMichael Publishing Organization, 1928).

just as near the major portion of Michigan's forest area as Bay City, but the latter place developed more rapidly largely because of its position on Saginaw Bay. And just as the peculiar direction of railroad systems in the Alma area gave it an advantage over nearby towns, so the rise of railroad "centers" like Chicago gave such places a greater access to markets as well as to raw materials. Railroad routes have meant the difference between slow and rapid advance for a number of cities, and in some cases they have resulted in the decline of once prosperous centers. The influence of highway development in this regard has not been so noticeable. This has chiefly been due to the fact that relative differences between the facilities provided have not been so marked. Highways apparently have been a more important factor in determining advance or decline in smaller cities.

The importance of manufacturing in explaining the growth of urban centers should not obscure the fact that some cities grow up without extensive manufacturing development. A city located very advantageously as a distributing point may attain great size if it dominates a large, rich tributary area. Centers of population usually attract manufacturing, however, and such establishments attract people. The cause-effect relationship is very hard to determine in most cases.

The rise of urban centers generally cannot be explained in terms of the predominating influence of a single individual such as Mr. Wright in Alma. Such persons may be of importance in determining some growth, but they never stand out as sharply. Detroit has its Ford, it is true, but relatively he never dominated economic advance there to nearly as great an extent as Mr. Wright did in Alma.

As population becomes centered in one place—either because of nearness to resources, excellent transportation facilities, or for other reasons—a market develops. A town or city needs "town builders" first—people who can command income from other places. After the "builders" a number of "town fillers," people who cater to the needs of the former group, can be supported.⁴⁴

⁴⁴ These terms appear in F. L. Nussbaum, *A History of Economic Institutions of Modern Europe* (New York: Crofts, 1933), p. 36.

The more builders there are in a city, the larger is the number of fillers who can make their living there. Furthermore, enterprises carried on originally for the local market may in turn expand and begin to derive revenue from elsewhere as well.

The concentration of population makes a large and diversified labor supply available. This alone may not be a cause of growth, but it certainly will not hinder the development of industry. A special type of skill may be available to industry in a particular city, either because of the migration to that place of skilled workers from elsewhere, or because of the development of such capacities locally. The growth of the textile industry in New England cities was in part due to the influence of skilled immigrants from foreign countries. Frequently the laborers of a particular locality will develop special skills because of long association with certain types of work. This in turn will tend to attract industries requiring such aptitudes. The labor supply of Alma was never a factor of great importance in explaining economic advance—a state of affairs typical of many such places.

The bringing together of large numbers of people usually results in some concentration of capital which can then be used for enterprise. Further, the rise of a city, especially one in which the citizens derive their incomes from numerous sources, rapidly results in the accumulation of a significant capital supply which can be used to further economic advance. The relatively limited number of pursuits followed by people in Alma and their dependence on trade with the surrounding agricultural community meant that capital accumulation was a slower process. This is in striking contrast to the rapidity with which capital has been accumulated in many large centers—the case of the automobile industry in Detroit being in point here. Usually, also, the enterprises located in a large city have access to capital markets which draw funds from rather wide areas. This is not the case in cities the size of Alma.

Intercity rivalry and local promotion of expansion have been important activities in larger cities as well as in smaller places—but in many cases such projects were much more successful than the attempts made along this line by various groups in Alma. For example, the competition between Chicago, St. Louis, and Mil-

waukee for selection as railroad terminals is the local struggle of Alma and St. Louis (Michigan) on a larger scale. The success of such promotional activities in larger places, however, has generally been similar to that in Alma—little has resulted unless certain advantages were present to back up the spirit and enterprise of the local promoters.

Government policy has been of varying significance in explaining the rise of large cities. Alma was probably influenced by government policy to a much greater extent than most cities—the sugar tariff stimulated sugar-beet growing and resulted in the sugar factory, and the heavy demands of the government for trucks explained a good share of the advance made by the Republic Truck Company. A number of cities profited by the influences of a protective tariff—although others suffered. The promotion of internal improvements—especially transportation systems—by various governments has often redirected trade routes and spelled success for one place and defeat for another. The classic example along this line is the influence of the Erie Canal on the economic advance of New York City. The strategic position which this canal gave to New York allowed it to forge ahead of other cities on the seaboard. Illustrations of this type could be multiplied, but it is probable that other influences have been of greater importance in shaping the direction and extent of economic development in most places. The effects of government policy, with a few exceptions, are probably more marked in smaller places.

Certain special circumstances may be of significance in explaining the progress of particular places. The selection of a city as the state capital has often been sufficient to give it a great advantage over neighboring rivals. Lansing, Michigan, is a good illustration of this. There was little to favor this city over many other surrounding ones, but the fact that it was selected as the capital was a dominant force in determining advance.

The importance of such institutions as Alma College and the Michigan Masonic Home in explaining the growth of Alma has already been indicated. Many larger cities have developed because they were located in a resort area, or because they became famed for a healthful climate or as amusement centers. The loca-

tion of a state university in a place may be an important factor in explaining development—and similar institutions have played their parts in determining growth in many places. Such establishments, however, never result in a city of great size. They may contribute to advance, but cannot support a great deal without the help of other forces.

Finally, it is well to remember that many cities “just happen” and “just grow.” Originally they may possess no greater advantages than Alma had in the sixties. This is not usually the case, but it may be true. One example of such a place is Flint, Michigan. Flint apparently possessed no special advantages, yet when the automobile industry developed, this city rapidly became an important center. But it must be remembered that the extent of the development there was not as great as in other places where the advantages were greater.

In general it is hard to point out a great contrast between the factors which were of major importance in determining the economic development of Alma and those fostering growth in larger cities—the difference seems to be more of degree than kind. The most striking contrasts are the failure of manufacturing to develop in Alma, and the fact that this small city was not in the main currents of trade. Alma profited as much as most places by the influences of government policy and possessed the special advantage of Mr. Wright’s interest—but the lack of important natural resources other than agricultural products, the limitation in the amounts of capital and managerial ability available, and the relatively unfortunate location in comparison with the most important lines of trade all combined to prevent as great a development as that enjoyed by many other towns.

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